



May 25, 2006

The Honorable Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square
Suite 2300
San Francisco, California 94105

Re: Wal-Mart Bank Application

Dear Acting Director Gruenberg and Regional Director Carter:

The purpose of this letter is to supplement further our testimony of April 10, 2006 and our letter submitted May 5, 2006 in connection with Wal-Mart's in-store branch program. We would like to clarify for the record statements that Wal-Mart has made with respect to these leases and to respond generally to issues and concerns raised by other witnesses.

In letters and public statements, Wal-Mart has emphasized that these leases are effectively fifteen year leases involving five year terms renewable at the option of the tenant. Several parties have challenged this characterization of the program terms. Other bank tenants testified as to their satisfaction with the program.

In light of the concerns and questions that have been raised, Wal-Mart has reviewed its active leases as of May 12, 2006 to provide better clarity regarding the terms of those leases and to ensure that Wal-Mart is characterizing the program correctly. This review included Wal-Mart's 559 leases with 327 depository institutions covering 1,103 Wal-Mart store locations.

As a result of this analysis, we believe we have characterized the program as a whole correctly. Our depository institution leases are predominantly fifteen year arrangements with three five-year terms, renewable at the sole discretion of the depository institution. However, it is also true that a small number of leases require mutual consent to renew. Similarly, a small number of lease arrangements have terms that depart from the fifteen year norm.

Specifically, we have determined that 531, or 94.99%, of the 559 active leases contain renewal provisions that are at the sole discretion of the depository institution. Conversely, in 21 of the leases, or 3.76% (covering 49 locations), the renewal option is mutual, which means both Wal-Mart and the depository institution must consent in order to renew the lease. In another 7 of the leases, or 1.25% (covering 43 locations), the renewal option shifts from sole discretion to mutual depending on the term of the agreement. Individual tenant locations at 91.66% of the locations are governed by a lease renewable at the sole discretion of the tenant.

It should also be noted that although 499 of the active leases cover a total term (including renewal periods) of fifteen years, some leases are actually for a term for as few as two years or as many as 25 years. We will honor requests to modify the lease agreements to include renewal options at the sole discretion of the depository institution.

We have also reviewed our leases with respect to whether Wal-Mart can unilaterally terminate the leases at minimum expense. Most of Wal-Mart's leases do contain a damages limitation provision that creates a maximum financial penalty for a breach of the lease by Wal-Mart. This provision is not a buyout or liquidated damage provision and does not permit Wal-Mart to avoid its responsibilities under the lease. Certainly, the provision does not result in an election of remedies and in the case of a dispute this provision would not preclude a tenant from taking legal action to enforce the original terms of its lease arrangement.

Wal-Mart has previously provided the FDIC with samples of our in-store bank leases. We are happy to make additional leases available to the FDIC for review upon request (and upon obtaining required consents from the tenants).

It is very much in Wal-Mart's interest to have satisfied, profitable and productive tenants. These depository institutions provide branch banking services to Wal-Mart's customers and associates, many of whom do not have other banking relationships. We believe these tenants also benefit from access to Wal-Mart's customer base. Wal-Mart is unequivocally committed to its program of in-store branching. It is an absolutely essential component of Wal-Mart's commitment to its customers and is the only vehicle through which Wal-Mart will bring branch banking to these customers.

We stand by what we have told you in the past. If our application for an Industrial Bank in Utah is approved, Wal-Mart will not engage in branch banking.

Sincerely,



Jane L. Thompson
Senior Vice President, Wal-Mart Stores, Inc.
President, Wal-Mart Financial Services

cc: G. Edward Leary, Commissioner, Utah Department of Financial Institutions